

Message Text

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16

ACTION ARA-10

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC 750

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 4779

E.O. 11652: GDS

TAGS: ENRG, BDIS, EC

SUBJECT: ADA MEETING WITH MINISTER OF NATURAL RESOURCES VARGAS

REFS: (A) STATE 155056; (B) QUITO 4087

1. JOSEPH LASSITER OF "ADA EXPLORATION," G. ROY BROTHERHOOD OF "GOLDEN EAGLE," AND GORDON GIBSON OF "GENERAL EXPLORATION CO.," CALLED ON DCM AND EMBOFF JULY 2 TO INFORM THEM OF RESULTS OF JULY 1 MEETING WITH MINISTER OF NATURAL RESOURCES RENE VARGAS. OTHER PARTICIPANTS IN THE MEETING WITH VARGAS WERE SIX REPRESENTATIVES OF THE ADA CONSORTIUM'S MEMBER COMPANIES; THE ATTORNEY GENERAL OF ECUADOR, MARIO ERAZO DEL CASTILLO; AND THE DIRECTOR GENERAL OF ECONOMIC AUDITORS IN THE

FOREIGN MINISTRY, ROQUE CANADAS.

2. LASSITER REPORTED THAT HE MADE PRESENTATION GENERALLY ALONG LINES REPORTED IN REFTEL, REQUESTING: THE RETURN OR GOE'S PURCHASE OF THE ADA INVENTORY IN GUAYAQUIL; A LUMP SUM PAYMENT TO THE ADA COMPANIES WHEN THE AGREEMENT FOR COMPENSATION IS FINALIZED; AND THE BULK OF COMPENSATION IN INTEREST-FREE INSTALLMENTS IN CASH OR "OTHER EQUIVALENT VALUES."

3. FOLLOWING LASSITER'S PRESENTATION, VARGAS STATED THAT
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THE MAY 27, 1975 NOTIFICATION TO THE ADA CONSORTIUM WAS

STILL IN EFFECT. (THIS NOTIFICATION REAFFIRMED THE VALIDITY OF DECREE 1391 NULLIFYING THE ADA CONCESSION, AND VOIDED ALL PRIOR NEGOTIATIONS BETWEEN THE GOE AND ADA.)

4. LOCAL ADA ATTORNEY CARLOS JIMENEZ THEN MADE A LENGTHY PRESENTATION TO VARGAS OUTLINING ANTECEDENTS OF THE ADA CASE AND ASSERTING ADA'S MORAL AND LEGAL RIGHT TO COMPENSATION. AFTER JIMENEZ' PRESENTATION, ADA OFFICIALS DESCRIBED VARGAS' ATTITUDE AS CONSIDERABLY "SOFTER," AND ALTHOUGH HE REAFFIRMED THE VALIDITY OF DECREE 1391, HE SAID THAT THE ADA CASE WOULD BE REFERRED TO THE SUPREME COUNCIL AND THE CONSORTIUM WOULD BE INFORMED OF ITS DECISION.

5. LASSITER DESCRIBED VARGAS' RECEPTION AS "COOL," BUT HE SAID THAT ADA REPRESENTATIVES ANTICIPATED THIS AND HAD ONLY EXPECTED TO OPEN NEGOTIATIONS WITH THIS MEETING. (CANADAS AND ERAZO DID NOT PARTICIPATE ACTIVELY IN THE DISCUSSIONS.) MAJOR FEAR OF ADA COMPANIES, LASSITER SAID, WAS THAT NEGOTIATIONS WITH GOE WOULD NOW BECOME STALLED (AS IN THE PAST); AND HE ASKED EMBASSY ASSISTANCE IN KEEPING NEGOTIATIONS ALIVE. DCM TOLD ADA REPS THAT THE EMBASSY WOULD KEEP UP ITS EFFORTS TO ASSURE THAT ADA NEGOTIATIONS WOULD CONTINUE ACCORDING TO SCENARIO PREVIOUSLY OUTLINED BY CANADAS.
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